

REPORT OF
COUNTY EMPLOYEES' RETIREMENT FUND
ON
SCHEDULES OF PENSION INFORMATION
FOR PARTICIPATING EMPLOYERS
DECEMBER 31, 2016

INDEPENDENT AUDITORS' REPORT

The Board of Directors
County Employees' Retirement Fund

Report on Schedules

We have audited the accompanying schedule of employer allocations of the County Employees' Retirement Fund (CERF), for the year ended December 31, 2016, and the related notes. We have also audited the total for all entities of the columns titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense excluding that attributable to employer-paid member contributions (specified column totals) included in the accompanying schedule of pension amounts by employer of CERF as of and for the year ended December 31, 2016, and the related notes.

Management's Responsibility for the Schedules

Management is responsible for the preparation and fair presentation of these schedules in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedules that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on the schedules of employer allocations and the specified column totals included in the schedules of pension amounts by employer based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule of employer allocations and specified column totals included in the schedule of pension amounts by employer are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the schedule of employer allocations and specified column totals included in the schedule of pension amounts by employer. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the schedule of employer allocations and specified column totals included in the schedule of pension amounts by employer, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to CERF's preparation and fair presentation of the schedule of employer allocations and specified column totals included in the schedules of pension amounts by employer in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CERF's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall

presentation of the schedule of employer allocations and specified column totals included in the schedule of pension amounts by employer.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the schedules referred to above present fairly, in all material respects, the employer allocations and net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense excluding that attributable to employer-paid member contributions for the total of all participating entities for CERF as of and for the year ended December 31, 2016, in accordance with U.S. generally accepted accounting principles.

Other Matter

We have audited, in accordance with U.S. generally accepted auditing standards, the financial statements of CERF as of and for the year ended December 31, 2016, and our report thereon, dated July 20, 2017, expressed an unmodified opinion on those financial statements.

Restriction on Use

Our report is intended solely for the information and use of CERF's management, the Board of Directors, and CERF's participating employers and their auditors, and is not intended to be and should not be used by anyone other than these specified parties.

Williams Keepers LLC

October 13, 2017

COUNTY EMPLOYEES' RETIREMENT FUND

**SCHEDULE OF EMPLOYER ALLOCATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Employer	Employer Name	2016 Actual Employer Contributions	Employer Allocation Percentage
1	Adair County	\$ 104,710	0.51605%
2	Andrew County	110,672	0.54543%
3	Atchison County	35,083	0.17290%
4	Audrain County	109,140	0.53788%
5	Barry County	179,825	0.88625%
6	Barton County	65,544	0.32303%
7	Bates County	99,018	0.48800%
8	Benton County	111,930	0.55163%
9	Bollinger County	78,964	0.38917%
10	Boone County	761,545	3.75319%
11	Buchanan County	545,040	2.68617%
12	Butler County	256,044	1.26189%
13	Caldwell County	53,984	0.26605%
14	Callaway County	199,921	0.98529%
15	Camden County	428,800	2.11329%
16	Cape Girardeau County	405,652	1.99921%
17	Carroll County	49,401	0.24347%
18	Carter County	38,977	0.19209%
19	Cass County	555,297	2.73672%
20	Cedar County	69,993	0.34495%
21	Chariton County	39,111	0.19275%
22	Christian County	393,031	1.93701%
23	Clark County	35,174	0.17335%
24	Clay County	1,521,651	7.49929%
25	Clinton County	103,416	0.50967%
26	Cole County	353,390	1.74164%
27	Cooper County	102,311	0.50423%
28	Crawford County	141,104	0.69542%
29	Dade County	40,799	0.20107%
30	Dallas County	91,713	0.45200%
31	Daviess County	54,653	0.26935%
32	DeKalb County	73,955	0.36448%
33	Dent County	78,192	0.38536%
34	Douglas County	52,075	0.25665%
35	Dunklin County	170,503	0.84031%
36	Franklin County	627,380	3.09197%
37	Gasconade County	102,670	0.50600%
38	Gentry County	44,633	0.21997%
39	Greene County	1,368,574	6.74487%
40	Grundy County	52,307	0.25779%
41	Harrison County	48,440	0.23873%
42	Henry County	126,014	0.62105%
43	Hickory County	55,260	0.27234%
44	Holt County	37,001	0.18236%
45	Howard County	55,500	0.27353%
46	Howell County	205,608	1.01332%
47	Iron County	45,166	0.22260%
48	Jasper County	701,167	3.45563%
49	Jefferson County	1,290,134	6.35829%
50	Johnson County	257,618	1.26964%
51	Knox County	35,858	0.17672%
52	Laclede County	165,536	0.81583%
53	Lafayette County	194,866	0.96038%
54	Lawrence County	185,015	0.91183%
55	Lewis County	52,070	0.25662%
56	Lincoln County	370,728	1.82709%

COUNTY EMPLOYEES' RETIREMENT FUND

**SCHEDULE OF EMPLOYER ALLOCATIONS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2016**

Employer	Employer Name	2016 Actual Employer Contributions	Employer Allocation Percentage
57	Linn County	\$ 62,474	0.30790%
58	Livingston County	54,779	0.26997%
59	McDonald County	139,962	0.68979%
60	Macon County	78,764	0.38818%
61	Madison County	47,040	0.23183%
62	Maries County	51,487	0.25375%
63	Marion County	134,743	0.66407%
64	Mercer County	30,978	0.15267%
65	Miller County	146,540	0.72221%
66	Mississippi County	83,488	0.41146%
67	Moniteau County	77,498	0.38194%
68	Monroe County	55,608	0.27406%
69	Montgomery County	80,807	0.39825%
70	Morgan County	144,736	0.71332%
71	New Madrid County	106,972	0.52720%
72	Newton County	244,561	1.20529%
73	Nodaway County	95,796	0.47212%
74	Oregon County	46,262	0.22800%
75	Osage County	49,196	0.24246%
76	Ozark County	55,821	0.27511%
77	Pemiscot County	101,606	0.50075%
78	Perry County	79,319	0.39092%
79	Pettis County	192,982	0.95109%
80	Phelps County	197,089	0.97133%
81	Pike County	84,126	0.41461%
82	Platte County	693,478	3.41773%
83	Polk County	138,319	0.68169%
84	Pulaski County	139,053	0.68531%
85	Putnam County	35,224	0.17360%
86	Ralls County	56,019	0.27608%
87	Randolph County	143,998	0.70968%
88	Ray County	172,089	0.84812%
89	Reynolds County	35,950	0.17718%
90	Ripley County	59,470	0.29309%
91	St. Clair County	48,079	0.23695%
92	St. Francois County	299,450	1.47581%
93	Ste. Genevieve County	104,915	0.51706%
94	Saline County	111,267	0.54837%
95	Schuyler County	23,826	0.11742%
96	Scotland County	24,176	0.11915%
97	Scott County	204,318	1.00696%
98	Shannon County	41,436	0.20421%
99	Shelby County	34,752	0.17127%
100	Stoddard County	189,889	0.93585%
101	Stone County	251,731	1.24063%
102	Sullivan County	39,079	0.19260%
103	Taney County	595,233	2.93354%
104	Texas County	88,666	0.43698%
105	Vernon County	110,738	0.54576%
106	Warren County	221,195	1.09014%
107	Washington County	119,182	0.58738%
108	Wayne County	73,999	0.36470%
109	Webster County	172,965	0.85244%
110	Worth County	10,811	0.05328%
111	Wright County	76,490	0.37697%
	Totals	\$ 20,290,594	100.00000%

COUNTY EMPLOYEES' RETIREMENT FUND

**SCHEDULE OF PENSION AMOUNTS BY EMPLOYER
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2016**

		Net Pension Liability		Deferred Outflows of Resources					Deferred Inflows of Resources				Pension Expense (excluding that attributable to employer-paid member contributions)			
				Difference between Expected and Actual Experience		Net Difference Between Projected and Actual Investment Earnings on Pension Plan	Change in Assumptions	Change in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources	Difference Between Expected and Actual Experience	Change in Assumptions	Change in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources	Proportionate Share of Pension Expense	Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Pension Expense
Employer	Employer Name	Beginning	Ending													
1	Adair County	\$ 966,170	\$ 1,161,213	\$ 28,543	\$ 176,312	\$ 226,590	\$ 33,792	\$ 465,237	\$ 60,994	\$ -	\$ 5,230	\$ 66,224	\$ 249,805	\$ 6,474	\$ 256,279	
2	Andrew County	1,044,699	1,227,331	30,169	186,351	239,491	10,604	466,615	64,467	-	22,337	86,804	264,028	(8,016)	256,012	
3	Atchison County	357,022	389,064	9,563	59,073	75,919	-	144,555	20,436	-	42,719	63,155	83,697	(15,437)	68,260	
4	Audrain County	1,016,954	1,210,337	29,751	183,771	236,176	67,986	517,684	63,575	-	-	63,575	260,374	27,617	287,991	
5	Barry County	1,699,402	1,994,220	49,019	302,792	389,137	15,171	756,119	104,749	-	16,269	121,018	429,006	(3,853)	425,153	
6	Barton County	707,240	726,873	17,867	110,364	141,836	-	270,067	38,180	-	91,661	129,841	156,367	(25,193)	131,174	
7	Bates County	867,248	1,098,089	26,992	166,728	214,272	89,243	497,235	57,679	-	-	57,679	236,226	25,497	261,723	
8	Benton County	1,071,196	1,241,286	30,512	188,469	242,214	-	461,195	65,200	-	12,842	78,042	267,030	(5,166)	261,864	
9	Bollinger County	727,733	875,692	21,525	132,961	170,876	26,419	351,781	45,997	-	5,943	51,940	188,383	4,162	192,545	
10	Boone County	7,484,993	8,445,386	207,593	1,282,300	1,647,964	136,372	3,274,229	443,605	-	243,466	687,071	1,816,806	1,271	1,818,077	
11	Buchanan County	5,163,500	6,044,386	148,575	917,746	1,179,453	92,451	2,338,225	317,490	-	-	317,490	1,300,293	37,795	1,338,088	
12	Butler County	2,429,662	2,839,480	69,796	431,130	554,073	140,722	1,195,721	149,147	-	-	149,147	610,840	65,928	676,768	
13	Caldwell County	528,506	598,670	14,716	90,899	116,820	1,416	223,851	31,446	-	15,031	46,477	128,789	(3,322)	125,467	
14	Callaway County	1,792,735	2,217,089	54,497	336,630	432,624	120,002	943,753	116,455	-	12,191	128,646	476,948	26,090	503,038	
15	Camden County	4,242,852	4,755,309	116,889	722,019	927,912	-	1,766,820	249,779	-	183,709	433,488	1,022,981	(52,588)	970,393	
16	Cape Girardeau County	3,633,751	4,498,601	110,579	683,042	877,821	247,570	1,919,012	236,295	-	13,206	249,501	967,758	59,624	1,027,382	
17	Carroll County	487,854	547,852	13,466	83,182	106,903	-	203,551	28,776	-	24,832	53,608	117,855	(8,062)	109,793	
18	Carter County	312,285	432,245	10,625	65,630	84,345	71,102	231,702	22,704	-	-	22,704	92,987	20,704	113,691	
19	Cass County	5,056,559	6,158,132	151,371	935,016	1,201,649	250,994	2,539,030	323,464	-	63,614	387,078	1,324,763	36,063	1,360,826	
20	Cedar County	653,162	776,214	17,762	117,855	151,463	14,762	303,160	40,771	-	10,697	51,468	166,981	(1,256)	165,725	
21	Chariton County	353,715	433,728	10,661	65,856	84,635	20,274	181,426	22,782	-	5,149	27,931	93,306	2,909	96,215	
22	Christian County	3,565,153	4,358,633	107,138	661,791	850,509	209,102	1,828,540	228,943	-	-	228,943	937,648	59,432	997,080	
23	Clark County	364,027	390,077	9,588	59,226	76,116	8,137	153,067	20,489	-	30,801	51,290	83,914	(4,265)	79,649	
24	Clay County	14,649,465	16,874,830	414,795	2,562,172	3,292,814	194,420	6,464,201	886,370	-	159,304	1,045,674	3,630,180	51,903	3,682,083	
25	Clinton County	1,162,626	1,146,860	28,191	174,133	223,790	-	426,114	60,241	-	204,949	265,190	246,718	(58,121)	188,597	
26	Cole County	3,381,190	3,919,027	96,332	595,043	764,727	4,959	1,461,061	205,852	-	14,550	220,402	843,077	(1,474)	841,603	
27	Cooper County	828,552	1,134,606	27,889	172,273	221,398	156,338	577,898	59,597	-	6,681	66,278	244,082	38,457	282,539	
28	Crawford County	1,366,896	1,564,820	38,464	237,593	305,346	-	581,403	82,194	-	41,943	124,137	336,630	(15,161)	321,469	
29	Dade County	388,529	452,451	11,122	68,698	88,288	4,911	173,019	23,766	-	-	23,766	97,334	2,324	99,658	
30	Dallas County	880,941	1,017,080	25,001	154,428	198,465	-	377,894	53,423	-	27,571	80,994	218,798	(11,756)	207,042	
31	Daviess County	531,171	606,091	14,898	92,025	118,268	9,682	234,873	31,836	-	11,069	42,905	130,385	1,748	132,133	
32	DeKalb County	705,297	820,143	20,160	124,526	160,037	2,048	306,771	43,079	-	594	43,673	176,433	836	177,269	
33	Dent County	741,486	867,134	21,315	131,661	169,206	3,877	326,059	45,547	-	16,570	62,117	186,541	(7,011)	179,530	
34	Douglas County	465,815	577,506	14,195	87,685	112,689	32,489	247,058	30,334	-	14,628	44,962	124,235	1,563	125,798	
35	Dunklin County	1,730,590	1,890,850	46,478	287,095	368,964	-	702,537	99,319	-	124,132	223,451	406,766	(35,547)	371,219	
36	Franklin County	6,102,569	6,957,521	171,021	1,056,391	1,357,635	-	2,585,047	365,453	-	167,591	533,044	1,496,731	(52,384)	1,444,347	
37	Gasconade County	1,015,690	1,138,591	27,987	172,877	222,175	11,798	434,837	59,806	-	39,848	99,654	244,938	(4,900)	240,038	
38	Gentry County	427,543	494,971	12,167	75,154	96,585	-	183,906	25,999	-	12,608	38,607	106,480	(5,602)	100,878	
39	Greene County	11,916,093	15,177,221	373,067	2,304,423	2,961,560	1,390,358	7,029,408	797,204	-	-	797,204	3,264,985	412,102	3,677,087	
40	Grundy County	528,475	580,070	14,259	88,075	113,191	-	215,525	30,469	-	38,777	69,246	124,788	(11,812)	112,976	
41	Harrison County	446,795	537,192	13,205	81,564	104,823	15,809	215,401	28,217	-	7,527	35,744	115,563	562	116,125	
42	Henry County	1,319,747	1,397,473	34,351	212,184	272,691	5,221	524,447	73,404	-	126,991	200,395	300,630	(31,339)	269,291	

SCHEDULE OF PENSION AMOUNTS BY EMPLOYER (Continued)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2016

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The accompanying notes are an integral part of this schedule.

COUNTY EMPLOYEES' RETIREMENT FUND

**SCHEDULE OF PENSION AMOUNTS BY EMPLOYER (Continued)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2016**

		Net Pension Liability		Deferred Outflows of Resources				Deferred Inflows of Resources				Pension Expense (excluding that attributable to employer-paid member contributions)							
				Difference between Expected and Actual Experience		Net Difference Between Projected and Actual Investment Earnings on Pension Plan		Change in Assumptions		Change in Proportion and Difference Between Employer Contributions and Proportionate Share of Resources		Change in Proportion and Difference Between Employer Contributions and Proportionate Share of Resources		Proportionate Share of Plan Pension Expense		Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions		Total Pension Expense	
Employer	Employer Name	Beginning	Ending	Experience	Investments	Change in Assumptions	Proportionate Share of Contributions	Total Deferred Outflows of Resources	Difference Between Expected and Actual Experience	Change in Assumptions	Proportionate Share of Contributions	Total Deferred Inflows of Resources	Proportionate Share of Plan Pension Expense	Proportionate Share of Contributions	Proportionate Share of Contributions	Total Pension Expense			
89	Reynolds County	338,479	398,678	9,800	60,533	77,795	4,378	152,506	20,941	-	5,070	26,011	85,765	(1,293)		84,472			
90	Ripley County	536,178	659,512	16,211	100,136	128,692	32,603	277,642	34,642	-	18,251	52,893	141,877	(165)		141,712			
91	St. Clair County	441,669	533,185	13,106	80,956	104,042	17,610	215,714	28,006	-	2,810	30,816	114,701	3,333		118,034			
92	St. Francois County	3,021,565	3,320,845	81,629	504,218	648,002	-	1,233,849	174,432	-	273,003	447,435	714,393	(93,297)		621,096			
93	Ste. Genevieve County	1,030,127	1,163,488	28,599	176,657	227,033	-	432,289	61,114	-	39,984	101,098	250,294	(12,320)		237,974			
94	Saline County	1,023,428	1,233,931	30,331	187,353	240,779	45,929	504,392	64,814	-	-	64,814	265,448	13,685		279,133			
95	Schuyler County	195,736	264,230	6,495	40,119	51,559	33,434	131,607	13,879	-	3,824	17,703	56,841	7,062		63,903			
96	Scotland County	197,716	268,106	6,590	40,708	52,316	34,882	134,496	14,083	-	8,933	23,016	57,676	4,968		62,644			
97	Scott County	1,885,458	2,265,850	55,696	344,033	442,139	65,730	907,598	119,017	-	37,482	156,499	487,438	(666)		486,772			
98	Shannon County	405,588	459,513	11,295	69,770	89,666	3,481	174,212	24,137	-	11,460	35,597	98,853	(1,366)		97,487			
99	Shelby County	334,557	385,392	9,473	58,516	75,202	-	143,191	20,243	-	3,728	23,971	82,907	(1,017)		81,890			
100	Stoddard County	1,848,704	2,105,828	51,763	319,738	410,915	-	782,416	110,612	-	64,792	175,404	453,015	(22,301)		430,714			
101	Stone County	2,775,001	2,791,644	68,621	423,868	544,740	8,891	1,046,120	146,635	-	401,710	548,345	600,551	(102,835)		497,716			
102	Sullivan Conty	457,695	433,377	10,653	65,802	84,566	18,099	179,120	22,764	-	91,089	113,853	93,230	(15,509)		77,721			
103	Taney County	6,482,681	6,601,013	162,258	1,002,261	1,288,069	-	2,452,588	346,727	-	1,006,735	1,353,462	1,420,038	(299,428)		1,120,610			
104	Texas County	796,094	983,285	24,170	149,297	191,871	52,146	417,484	51,649	-	11,634	63,283	211,529	8,261		219,790			
105	Vernon County	1,015,715	1,228,060	30,187	186,462	239,634	42,226	498,509	64,506	-	16,091	80,597	264,186	3,451		267,637			
106	Warren County	2,131,846	2,453,006	60,297	372,451	478,660	24,783	936,191	128,848	-	25,639	154,487	527,701	5,194		532,895			
107	Washington County	1,329,807	1,321,706	32,488	200,680	257,907	-	491,075	69,424	-	256,390	325,814	284,331	(79,139)		205,192			
108	Wayne County	727,477	820,637	20,172	124,600	160,132	6,822	311,726	43,105	-	23,832	66,937	176,538	(3,045)		173,493			
109	Webster County	1,569,148	1,918,146	47,149	291,241	374,292	84,458	797,140	100,753	-	13,784	114,537	412,640	15,836		428,476			
110	Worth County	100,858	119,892	2,947	18,204	23,395	2,310	46,856	6,297	-	198	6,495	25,792	520		26,312			
111	Wright County	783,520	848,259	20,851	128,795	165,522	2,737	317,905	44,556	-	58,330	102,886	182,481	(14,230)		168,251			
Totals		\$ 193,355,441	\$ 225,018,714	\$ 5,531,118	\$ 34,165,570	\$ 43,908,337	\$ 5,808,244	\$ 89,413,269	\$ 11,819,410	\$ -	\$ 5,808,244	\$ 17,627,654	\$ 48,406,949	\$ -		\$ 48,406,949			

COUNTY EMPLOYEES' RETIREMENT FUND

NOTES TO THE SCHEDULES OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS BY EMPLOYER

1. PLAN DESCRIPTION

The County Employees' Retirement Fund (CERF) was established by an act of the Missouri General Assembly effective August 28, 1994. Laws governing the retirement fund are found in Sections 50.1000-50.1300 of the Missouri Revised Statutes (RSMo). The Board of Directors consists of eleven members, nine of whom are county employee or retiree participants. Two members, who have no beneficiary interest in CERF, are appointed by the Governor of Missouri. The Board of Directors has the authority to adopt rules and regulations for administering the system.

CERF is a mandatory cost-sharing multiple employer retirement system for each county in the state of Missouri, except any city not within a county (which excludes the City of St. Louis) and counties of the first classification with a charter form of government. CERF covers county elective or appointive officers or employees whose position requires the actual performance of duties not less than 1,000 hours per year; including employees of circuit courts located in a first class, non-charter county which is not participating in the Local Government Employees Retirement System (LAGERS); and does not cover circuit clerks, deputy circuit clerks, county prosecuting attorneys, and county sheriffs. Until January 1, 2000, employees hired before January 1, 2000, could opt out of the system.

CERF is a defined benefit plan providing retirement and death benefits to its members. All benefits vest after 8 years of creditable service. Employees who retire on or after age 62 are entitled to an allowance for life based on the form of payment selected. The normal form of payment is a single life annuity. Optional joint and survivor annuity and 10-year certain and life annuity payments are also offered to members in order to provide benefits to a named survivor annuitant after their death. Employees who have a minimum of 8 years of creditable service and who terminated employment after December 31, 1999 may retire with an early retirement benefit and receive a reduced allowance after attaining age 55. Annual cost-of-living adjustments, not to exceed 1%, are provided for eligible retirees and survivor annuitants, up to a lifetime maximum of 50% of the initial benefit which the member received upon retirement. Benefit provisions are fixed by state statute and may be amended only by action of the Missouri Legislature. Administrative expenses for the operation of CERF are paid out of the funds of the system.

Prior to January 1, 2003, participating county employees, except for those who participated in LAGERS, were required to make contributions equal to 2% of gross compensation. Effective January 1, 2003, participating county employees hired on or after February 25, 2002 are required to make contributions of 4% if they are in a LAGERS county and contributions of 6% if they are in a non-LAGERS county. If an employee leaves covered employment before attaining 8 years of creditable service, accumulated employee contributions are refunded to the employee. The contribution rate is set by state statute and may be amended only by action of the Missouri Legislature. Counties may elect to make all or a portion of the required 4% contribution on behalf of employees.

In addition to the above contributions required of employees, the following fees and penalties prescribed under Missouri law are required to be collected and remitted to CERF by counties covered by the plan:

- Late fees on filing of personal property tax declarations,
- Twenty dollars on each merchants and manufacturers license issued,
- Six dollars on each document recorded or filed with county recorders of deeds, with an additional one dollar on each document recorded,
- Three sevenths of the fee on delinquent property taxes, and
- Interest earned on investment of the above collections prior to remittance to CERF.

Further information related to required contributions, pension benefits, other plan terms, and investments and related return and financial information related to CERF is available as described in Note 4.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

County employers participating in CERF are required to report pension information in their financial statements for fiscal periods beginning on or after June 15, 2014, in accordance with Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*. The schedules of employer allocations and schedules of pension amounts by employer provide employers with the required information for financial reporting under that standard.

The underlying financial information used to prepare the pension allocation schedules is based on CERF's financial statements, accounting and payroll reporting systems. CERF's financial statements were prepared using the accrual basis of accounting and in accordance with U.S. generally accepted accounting principles.

Employer contributions due for the year ended December 31, 2016 were used as the basis for determining each employer's proportionate share of the collective pension amounts reported on the schedules.

Employer contributions do not include member (employee) contributions paid by counties. Accordingly, the total pension expense reported in the schedule of pension amounts by employer excludes that attributable to employer-paid member contributions. Appropriate treatment of such amounts in employers' financial statements is the responsibility of the employers.

Employees of CERF do not participate in the plan.

The net pension liability is based on the Plan's fiduciary net position as reported in its financial statements and the total pension liability is estimated by CERF's actuary as of each fiscal year-end. It is allocated as previously described.

Deferred inflows and outflows, except for the change in proportion, are allocated based on each employer's proportionate share of contributions for the fiscal year. The difference between expected and actual investment earnings on pension plan investments is amortized as a component of pension expense over 5 years on a straight-line basis, while the differences between expected and actual experience and changes in assumptions are amortized as a component of pension expense over the expected average remaining service lifetime (EARSL) of all participants (4.749 years for the year ended December 31, 2016). Deferred inflows and outflows related to the change in proportion used for allocation purposes from one fiscal year to the next are estimated by reallocating beginning balances using the ending allocation percentage and amortizing the difference over the EARSL as a component of pension expense. The remaining unamortized deferred inflows and outflows are reported in the schedule of pension amounts by employer.

Pension expense is based on the service cost earned by participants during the fiscal year, interest on the total pension liability, certain changes in plan fiduciary net position, and the current year amortization of deferred inflows and outflows. It is allocated based on each employer's proportionate share of collective plan amounts and its specific amortization of change in proportion deferred item.

The preparation of the schedules in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

3. ACTUARIAL ASSUMPTIONS AND METHODS

Actuarial valuations of the plan involve estimates of the reported amount and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The components of the collective net pension liability of CERF's employers at December 31, 2016, are as follows:

Total pension liability	\$ 675,788,763
CERF fiduciary net position	<u>450,770,049</u>
Employers' net pension liability	<u>\$ 225,018,714</u>
Plan net position as a percentage of the total pension liability	66.70%
Covered employee payroll	\$ 391,801,920
Employers' net pension liability as a percentage of employee covered payroll	57.43%

The total pension liability as of December 31, 2016 was based on the most recent actuarial valuation by CERF's independent actuary as of December 31, 2015 projected forward to December 31, 2016, and financial information of the plan as of December 31, 2016. The following actuarial assumptions were used:

Actuarial cost method	Entry age normal
Compensation increases	2.5%, plus merit
Discount rate	7.5%
Inflation	2.5%
Investment rate of return	7.5%
Mortality rates	RP-2000 Combined Mortality projected to 2022 using Scale BB

The following actuarial assumption and method was changed for the actuarial valuation used for the reporting period: a) mortality rates were changed from the RP-2000 Combined Mortality projected to 2010 using Scale AA to the RP-2000 Combined Mortality projected to 2022 using Scale BB, as indicated above.

The current funding policy, if actuarial assumptions are met, results in the projected plan fiduciary net position being sufficient to pay benefits for all future years. Therefore, the current 7.5% discount rate is considered adequate, and the use of the municipal bond rate calculation is not necessary.

Actuarial valuations of CERF involve estimates of the reported amount and assumptions about the probability of the occurrence of events far into the future. Examples include assumptions about future employment, mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The last experience study was conducted for the period January 1, 2008 through December 31, 2013. No independent actuarial review of the reasonableness and accuracy of actuarial assumptions, actuarial cost methods, and valuations has been conducted.

4. ADDITIONAL FINANCIAL AND ACTUARIAL INFORMATION

Additional financial and actuarial information supporting the preparation of the schedules of employer allocations and schedules of pension amounts by employer is included in CERF's Annual Financial Report for the year ended December 31, 2016. The Annual Financial Report can be obtained by submitting a request to the County Employees' Retirement Fund, 2121 Schotthill Woods Drive, Jefferson City, MO 65101.